

UNION PACIFIC RAILROAD COMPANY

Law Department

1416 DODGE STREET  
OMAHA, NEBRASKA 68179



2-006A037

January 2, 1992

Sidney L. Strickland  
Secretary  
Interstate Commerce Commission  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

RECORDATION NO. 14903 D  
FILED 1425

JAN 6 1992 - 2 00 PM  
INTERSTATE COMMERCE COMMISSION

RE: Missouri Pacific Assumption Agreement -  
MKT Lease of 40 Bi-level Auto Racks

Dear Mr. Strickland:

I submit for filing and recording under 49 U.S.C. § 11303(a) and the regulations promulgated thereunder an original (a Lessor counterpart and a UP counterpart) and three copies of a secondary document, not previously recorded, entitled Assumption Agreement, dated February 7, 1991.

JAN 6 2 28 PM '92  
MOTOR OPERATING UNIT

The parties to the enclosed Assumption Agreement are:

Lessor: Chrysler Financial Corporation  
One Montgomery Street, Suite 2250  
San Francisco, CA 94104

Missouri Pacific Railroad Company  
1416 Dodge Street  
Omaha, NE 68179

Please index this Assumption Agreement under the name of the Lessor, Chrysler Financial Corporation.

The Assumption Agreement provides for Missouri Pacific Railroad Company (MP) to assume the obligation of Missouri-Kansas-Texas Railroad Company (MKT) under a Lease Agreement entered into between Lessor and MKT, dated September 30, 1986, covering forty (40) auto racks. This Lease Agreement was recorded on October 2, 1986 at the ICC in an Assignment of Lease, Recordation No. 14903-C.

The equipment covered by the Lease Agreement and subsequent Assumption Agreement is described as follows:

Forty (40) fully-equipped screened bi-level Auto Racks bearing Lessee's numbers T-100 through T-139, both inclusive, mounted on Trailer Train flat cars.

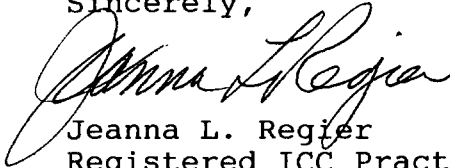
A short summary to appear in the Index is as follows:

"MP hereby assumes and agrees to pay and perform, in accordance with the respective terms thereof, all of the indebtedness, obligations and liabilities of MKT under the Lease Agreement."

Enclosed is our check for \$16.00 in payment of the filing fee.

Once the filing is made, please return to me any additional counterparts of the Assumption Agreement which are not required for filing and recordation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeanna L. Regier".

Jeanna L. Regier  
Registered ICC Practitioner

Enclosures

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REGISTRATION NO. 14903-2  
JAN 6 1992 -2 33 PM  
INTERSTATE COMMERCE COMMISSION

ASSUMPTION AGREEMENT

THIS AGREEMENT made this 7th day of February, 1991, by and between CHRYSLER FINANCIAL CORPORATION, a Michigan corporation with offices at P.O. Box 26876, San Francisco, California 94126 ("Lessor") and MISSOURI PACIFIC RAILROAD COMPANY, a Delaware corporation with offices at 1416 Dodge Street, Omaha, Nebraska 68179 ("MP").

Statement of Purpose

Lessor and Missouri-Kansas-Texas Railroad Company ("MKT") are party to an agreement dated September 30, 1986 ("Lease Agreement") covering forty (40) auto racks ("Equipment").

Effective August 12, 1988, pursuant to authority of the Interstate Commerce Commission, MP acquired and exercised control of MKT and its subsidiaries. The consolidation of MKT and MP was initially effective by the lease of substantially all of MKT's assets to MP. A formal merger of MKT into MP is expected to take place during 1989.

Simultaneously with MP's acquisition of control, by virtue of an Agreement dated June 3, 1986, among Union Pacific Corporation, MP and Katy Industries, Inc. and MKT, MP agreed to assume MKT's obligations under conditional sale agreements, equipment leases and equipment security agreements.

The parties now wish to document the assumption by MP of the obligations of MKT under the Lease Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. MP hereby assumes and agrees to pay and perform, in accordance with the respective terms thereof, all of the indebtedness, obligations and liabilities of MKT under the Lease Agreement, provided, however, that Lessor agrees to accept MP's self-insurance, as described on Exhibit A attached hereto, covering general liability and physical damage related to the Equipment.

2. MP agrees to provide Lessor certificates of insurance evidencing excess coverage over MP's self-insured retention amounts upon request of Lessor.

3. Lessor further agrees to waive any objection it might have under the Lease Agreement to MKT's lease of the Equipment to MP and its subsequent merger into MP as set forth above.

4. MP agrees to execute and deliver to Lessor any and all documents or instruments as may be reasonably requested by Lessor in connection with the foregoing transactions, including but not limited to any amendments of U.C.C.-1 Financing Statements or recordings with the Interstate Commerce Commission.

5. In consideration of the agreement of MP as set forth in Sections 1 through 3 hereof, Lessor hereby consents to the assumption of MP of the indebtedness, obligations and liabilities of MKT under the Lease Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Attest:

MISSOURI PACIFIC RAILROAD COMPANY,

*C. H. Taylor*  
ASST. Secretary

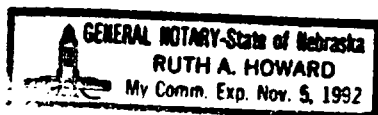
By *James V. Dda*  
Title: VICE PRESIDENT

Attest:

CHRYSLER FINANCIAL CORPORATION,

*Ruth A. Howard*  
Asst. Secretary

By *James P. Delaney*  
Title: ASST. VICE PRESIDENT



*Ruth A. Howard*  
2/7/91

TRICIA G. LOMBARDO  
COMMISSIONER OF DEEDS  
MY COMMISSION EXPIRES JULY 24, 1995

*Tricia Lombardo*

**UNION PACIFIC RAILROAD COMPANY**  
**SELF-INSURANCE PROGRAM**

The Union Pacific Railroad (UP), which includes the operation of Missouri Pacific Railroad and its subsidiaries, maintains a program of self-insurance covering liability to Third Parties for damage to property and injury to or death of individuals and a program of self-insurance as to its own property and property of others in UP's custody and control by lease or otherwise. Such a program is relatively standard, if not the rule, for all Class I Railroads.

As regards significant personal injury and property damage liability losses, investigation and defense by the Union Pacific Railroad combines the three components of claims handling, legal defense, and case management/settlement.

Claims handling is conducted by the Safety and Casualty Management Department. The Casualty Management Department is responsible for receiving and responding to initial reports of all personal injury and property damage incidents. Upon receiving such reports, Department personnel are assigned primary responsibility for the case. In situations involving major casualties (cases involving death, quadriplegia, paraplegia, and other significant multi-party injuries), one or more members of a special major casualties response team will take responsibility for the claims handling. In less serious incidents, a member of the Department is assigned the case based on territorial responsibility.

Casualty Management personnel are responsible for conducting initial investigations of all reported personal injury and property damage incidents. Initial investigation includes, at a minimum, taking comprehensive photographs of the accident scene, preservation of all available evidence and the identification of all known witnesses.

After the initial investigation is completed, the Casualty Management Representative (CMR) is responsible for seeking legal advice from defense attorneys concerning potential legal issues involved in the claim, potential defenses to claims made and recommendations for continued investigation. The CMR is responsible for continued investigation which includes taking the statements of all involved witnesses, obtaining the necessary medical information, ascertaining the extent of special damages and lost wages, and all other investigation deemed necessary from a legal standpoint. When the additional investigation has been completed, the claim is valued. Case evaluation involves a liability opinion from the defense attorney and input from various members of the Department familiar with the case.

The CMR, along with his or her Manager and Regional Manager, is responsible for the ongoing settlement negotiations in all claims. This involves maintaining close contact with claimant and making "holding" (i.e. preclude intervention of a plaintiff attorney) and other settlement offers as appropriate.

The second component of the investigation and defense of significant liability losses is the legal defense. In litigated claims, Company attorneys are authorized to accept service of process. Once suit has been filed, an in-house or outside attorney is assigned primary responsibility for the litigation of that case. In certain territories, in-house attorneys will litigate personal injury and property damage cases. In other territories, all litigation is handled by outside attorneys. Whether handled in-house or outside, the attorney is responsible for all aspects of the defense of the lawsuit including, at a minimum, pretrial motions, discovery, legal research, investigation, and trial preparation. The defense attorney is also responsible for the conduct of the trial and, if necessary, the appeal.

The third component of the investigation and defense of significant liability losses is case management and settlement. The CMR is primarily responsible for case management/settlement. In addition, management responsibilities for case management and settlement are handled by the Regional Manager with significant policy development by the Assistant Vice President-Safety and Casualty Management. The defense counsel serves to advise the various options and to make recommendations from a purely legal viewpoint.

Case management involves decisions as to which cases will be tried, determination of the cases to be appealed, use of expert witnesses and general litigation strategy. Again, defense counsel serves as a source of information and advice but the ultimate case management decisions are made by Casualty Management personnel.

Casualty Management personnel are responsible for negotiating the settlement of all cases. All direct negotiations are handled by the CMR with assistance from Department management, as necessary. The advice of defense counsel is sought in developing negotiation strategy but in most situations, defense counsel is not involved in negotiating the settlement of personal injury and property damage cases.

As a part of the claims handling process, all personal injury and property damage cases are valued as soon as adequate information regarding the incident has been developed. The purpose of the case evaluation process is to identify as soon as possible, the potential liability and jury verdict ranges for a particular case in order to aid in case management and settlement negotiations.

Past claims experience, information about the particular jurisdiction in which the incident occurred, particular case-related facts and liability opinions from defense counsel are considered in the determination of the case value. As additional information becomes available, case values are changed to reflect the effect of the additional information.

These case evaluations form the basis upon which liability losses are reserved. The responsibility for liability losses reserves belongs to the Safety and Casualty Management Department. Input is received from the CMR responsible for the handling of a particular claim, from the Manager and Regional Manager responsible for the territory in which the claim occurred, from the defense attorney litigating the case and from the Director of Risk Management.

The Assistant Vice President-Safety and Casualty Management bears ultimate responsibility for the accurate and timely establishment of liability loss reserves. The opinion of defense counsel is sought in establishing these reserves but such information is treated as advisory only. Annually the amount reserved in the Account Ledgers for Accrued Liabilities is reviewed by an outside consultant.

UP maintains extensive catastrophic insurance coverage through a series of captive insurance companies with limits exceeding \$200 million. Due to adverse commercial insurance market conditions and the financial strength of the combined railroads, we have historically self-insured risk exposures of general liability and physical damage related to leasing and operating of rolling stock.